RISING INEQUALITY AS A THREAT TO THE LIBERAL INTERNATIONAL ORDER

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The article's main focus is explaining the so-called **Riddle Of The 1%**, in relation to rising inequalities within single countries – why only 1 percent of the population is benefiting from globalisation <u>and</u> how this influences the rising of anti-immigration and anti-globalisation movements, among other effects? Those effects that could lead to slower economic growth, increased political polarization and higher risk of international conflict, showing how domestic policy of single countries is a major influencing factor of foreign policy and global governance.

Based on the assumption of **unit heterogeneity** as a characteristic of the actors involved – which were previously thought to be homogeneous –, three theories are applied to analyse top-heavy inequalities within countries.

- Neo-H-O-S-S Model demonstrates the presence of inequality even within single firms and companies, by sustaining that drops in relative prices of labour-intensive goods reduce wages of low-skilled workers and, at the same time, the resultant gains are redistributed only among a small percentage of *highly talented people*; this would also explain the higher-than-expected support for populist movements. According to this model, capital owners are not enger abler to afford investing in mediocre workers.
- 2) New New Trade Theory moves its focus on firms and how the Edifferent productivity levels influence the redistribution of gains, according to import activities. The difficultly affordable costs of these then result in high conefits for the firm and the out-competing of smaller domestic ones.
- 3) **Economic Geographic** focuses on the enequal distribution of economic activities in the terripov, e. the economic stat in the varied by globalization created an agglomeration-effect limited to a small number of cities. This, on the other side, allows for greater advantages related to transportation, supplying, communication and information-sharing, tariff policies, diversity of consumers,...

These three models present many similarities with each other and the same outcome – "globalization produces extreme inequality" –, so it is more likely that they reinforce one another.

The second section of the article explains, through statistical data and graphics, different studies that found positive associations between rising right-populist vote share and both 1) immigration and inequality, and 2) increased foreign imports, as evident from research on the so-called "China trade shocks" in European countries (referring time: 1988-2007).

The final point touched by the article is the availability (or absence) of possible solutions or alternative sources to minimize the effects of the phenomenon, especially the right-populist backlashes. At the theoretical level, the more adapt solution would be the *National redistribution* of capital and resources, which however has been proven in the past to have less general support. Moreover, investments in education seem to fail to address the focal problem and global forms of redistribution are still considered as "utopic" ambitions. This is precisely the point where governments choose to rely on *Protectionist measures*, trying to reduce inequality by restricting imports and immigration, and rightwing parties seem more appealing to the general population.